

Message Text

PAGE 01 KINSHA 00095 041621Z

44

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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O R 041300Z JAN 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 6096

INFO AMEMBASSY BRUSSELS

S E C R E T KINSHASA 0095

EXDIS

E.O. 11652: XGDS-1

TAGS: PFOR, CG, BE

SUBJECT: MOBUTU MOVES AGAINST SGM CONTRACT

REF: (A) BRUSSELS 0040; (B) KINSHASA 0045

1. BELGIAN CHARGE CAHEN HAS TOGETHER WITH OTHER EC DIPLOMATIC REPS BEEN OCCUPIED SINCE DEC 31 WITH VISITING EC COMMISSIONER CHEYSSON. OTHER THAN HURRIED ACCOUNT AT SOCIAL FUNCTION REPORTED EARLIER, TODAY WAS FIRST OPPORTUNITY TO OBTAIN DETAILED ACCOUNT OF HIS DEC 31 MEETING WITH MOBUTU.

2. CAHEN CONFIRMED REPORT BRUSSELS 0040 BUT SAID MOBUTU HAS NOW TAKEN SERIOUS FURTHER STEP. JAN 3 HE INFORMED LOCAL SGM REP VAN LOOK THAT GOZ WISHED TO STOP PAYING PERCENTAGE PROVIDED FOR IN THE 1969 AGREEMENT WHICH COVERS BOTH SGM SERVICES AND INDEMNIZATION, WHILE A ZAIRIAN COMMISSION STUDIES THE PROBLEM AND CONSULTS WITH SOCIETE GENERALE.

3. CAHEN DOES NOT KNOW WHAT THE REACTION OF THE SOCIETE GENERALE WILL BE. HE IS INCLINED TO BELIEVE THAT THE SG WILL REFUSE ON THE GROUNDS THAT ONCE COMPENSATION PAYMENTS ARE STOPPED, THEY WILL NOT BE RESUMED OR IF SO AT NOWHERE NEAR PRESENT LEVELS. (IN REPLY TO QUESTION, CAHEN SAID HE THOUGH BETWEEN EIGHT TO TEN BILLION
SECRET

PAGE 02 KINSHA 00095 041621Z

BELGIAN FRANCS HAD ALREADY BEEN PAID IN COMPENSATION). ON OTHER HAND, HE DOES NOT EXCLUDE POSSIBILITY SG WILL MAKE A COUNTERPROPOSAL BUT HE IS NOT OPTIMISTIC.

4. CAHEN NOW BELIEVES THERE IS A REAL POSSIBILITY THAT SG MAY DECIDE TO BREAK WITH MOBUTU, NOTIFYING THE IBRD THE 1967 AND 1969 AGREEMENTS HAVE BEEN VIOLATED AND SEIZING THE COPPER IN THE PIPELINE ESTIMATED TO BE WORTH 5 BILLION BELGIAN FRANCS. ACCORDING TO CAHEN, SG COULD TAKE SUCH A DECISION ON ITS OWN BUT HE ASSUMES GOB WILL BE CONSULTED. THE PRINCIPAL FACTOR MILITATING AGAINST A BREAK IS THE LARGE NUMBER OF BELGIANS (35-40,000) STILL IN ZAIRE.

5. CAHEN POINTS OUT, AND EMBASSY AGREES, THAT IF SG WISHES TO BE VINDICTIVE, ALL OIL SHIPMENTS THROUGH LOBITO TO SHABA COULD BE STOPPED SINCE PETROFINA STORAGE FACILITIES THERE ARE USED. MOREOVER, CESSATION OF MONTHLY 2 BILLION FRAC PAYMENT TO GOZ WOULD CAUSE FINANCIAL CRISIS WITHIN GOZ AND JEOPARDIZE LOANS BEING SOUGHT FOR TRANSMISSION LINE AND INGA II.

6. CAHEN WILL INFORM ME AS SOON AS ANSWER RECEIVED FROM BRUSSELS. IN MEANTIME, GIVEN SENSITIVITY OF FOREGOING, HE ASKS NEITHER DEPT NOR EMBASSY BRUSSELS TO APPROACH BELGIANS. HE ASSUMES ONCE REPLY DECIDED UPON, GOB WILL PROMPTLY INFORM DEPT OR EMBASSY BRUSSELS. HE HAS ALSO ENJOINED ME FROM MENTIONING FOREGOING TO ZAIRIANS FOR TIME BEING SINCE HE DOES NOT WANT TO CONVEY IMPRESSION BELGIANS HAVE APPROACHED USG WITH REQUEST FOR ASSISTANCE.
NEWLIN

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